

H. M. Warner Greets Canadian Branch and District Managers,
Warner Bros. Convention, Ritz Towers, New York

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RAY LEWIS
Editor and Publisher

THE LITTLE PAPER WITH THE BIG IDEAS.
"Easy to Digest"

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June 13th, 1936

NEW TAXATION ON FILM



RECENTLY a deputation of film interests visited Ottawa in order to present some facts concerning a proposed five per cent. tax at the source, on payments by Canadian debtors to non-residents, on films whether copyrighted or not.

Following this deputation at Ottawa, a reduction was made in the proposed tax, which exempted from the proposed taxes sixty per cent. of the revenue on which the tax would have been levied, and left forty per cent. taxable. This means a two per cent. tax on the full amount.

It is interesting to note how other countries have legislated in respect to similar sources of taxation.

No such tax is imposed by the United States on remittances in respect to films to England, France, Australia, South Africa or to any other country, nor do any of such other countries impose a tax on remittances on such accounts to the United States.

Canada has always been regarded as a five per cent. country, therefore, under the present schedule of taxation, it appears that out of forty per cent. of the film revenue the non-resident interests receive no profits, or returns, since this forty per cent. has a five per cent. taxation schedule now imposed.

The Commonwealth of Australia some time ago imposed a similar tax upon remittances to non-residents in respect to films, but later on repealed this legislation and rebated its collections, convinced that the taxation was confiscatory and unfair in principle.

At one time in England, the government

sought to impose a tax on remittances to Paramount from the distribution of its product in England. After a protest had been made to the government, and a formal hearing of Paramount's case, the government gave up the idea of such taxation. In the presentation of the case for the plaintiffs, it was proved to the satisfaction of the government that remittances to non-residents from the distribution of films did not mean that such remittances were profits. The cost of production, including prints, cover the entire world market, and is allocated to such a market!

In 1935, an amendment was made in the Canadian Income War Tax Act whereby a five per cent. copyright tax was imposed. This tax was accepted by non-resident producers without protest, as this tax affected authors, publishers of books and all syndicated material.

The resolution, as contained in the Budget Speech of the Hon. C. A. Dunning, Minister of Finance, whereby film companies are taxed, is Class Taxation, involving the film companies only, which are singled out for this special taxation.

A word might be said in favour of special Privileges to an Industry which was financed by foreign capital in Canada, and which has become one of the leading enterprises of this Dominion, paying on the average the highest wages, and which gives employment to thousands of Canadians across Canada.



RAY



RAY LEWIS

PRESENTS

IN ED E. DEPINET has sent me a letter, "Look before you leap — at conclusions". The start off is so arresting that I certainly take a look and discover that "The Last Outlaw" with Harry Carey and Hoot Gibson is an outstanding RKO Radio picture, which following its unannounced preview at the RKO Hill Street Theatre, Los Angeles, received much applause and praise. The Motion Picture Daily called it 'cleverly conceived and produced', 'Christy Cabanne's direction milks all the situations in the commendable script, written from a story by John Ford (the ace director) and Murray Campbell. The Robert Sisk production sparkles with good showmanship'. Thanks, Mr. Depinet for telling us about it.

Another interesting budget of news comes with a story from Warner Bros., as 75 executives of this company and its affiliated companies attended the annual meeting in the Ritz-Tower, with representatives of every part of the United States and six foreign countries in assembly.

Four featured players were promoted to stardom, namely Anita Louise, who arrived on the famous Queen Mary, that British ship so royally and generously received in New York on her maiden voyage. Anita Louise has just left for Hollywood.

Errol Flynn, Olivia de Havilland and Bette Davis, the latter of Best Performance fame.

Marion Davies, who is now making "Cain and Mabel", sent her message of greetings and good wishes to Warner Bros., regretting that she was unable to extend these greetings personally.

MR. A. W. SMITH, Jr., Eastern and Canadian General Sales Manager for Warner Bros., in opening the meeting, said, "We enter a new era in the history of motion pictures this coming season; consider the past, the kind of pictures that were exhibited five or ten years ago, and then consider the future". Mr. Smith, Jr., predicted that finer and better pictures was the order of the day for motion pictures; and cited "Anthony Adverse", "The Green Pastures", "Hearts Divided", "The Charge of the Light Brigade", "China Clipper", "The White Angel", "Danton", among a group of over fifty-six superlative picture titles.

Another letter from Walter F. Wanger's office informing us that Mr. Wanger "reads The Digest with great interest".

A letter from Mr. Jeffrey Bernerd in which he writes, "I appreciate your paper, and think it is a very valuable one to the Canadian Moving Picture business".

A letter from Leon J. Bamberger with some fine sales promotion material on Bobby Breen,

Toronto boy-star, in "Let's Sing Again", the RKO feature.

A LETTER from Mr. R. H. Cochrane, President of Universal, "as one President to another"; and since I think it is such a good line, Mr. Cochrane, "as one President to another", may I congratulate your company on the tip-top entertainment of "Show Boat". What a show! However, "Jay L." has reviewed the picture and he tells you just why "Show Boat" is great.

Letter from Howard Dietz, director of advertising and publicity for M-G-M, with some "classy" material on "Romeo and Juliet", and by the way, lest I forget, a copy of a letter regarding RKO's "Mary of Scotland", mailed from London via the S.S. Queen Mary, to approximately 5,300 exhibitors, circuit officials and house managers throughout the United States and Canada.

A letter from the office of Victor Saville, with Mr. Saville's thanks for The Digest.

A LETTER from Mr. Frank Mullen, of Radio Corp. of America, which reads, "You are to be congratulated on your energetic editorial policy."

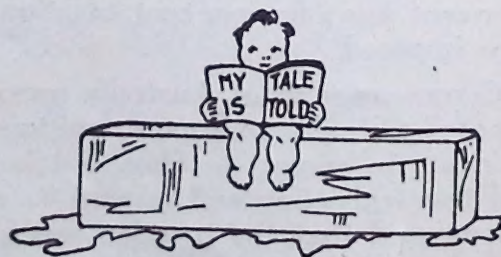
A letter from Harry Brand of 20th Century-Fox, "We appreciate your co-operation".

A letter from Russell Birdwell, on behalf of Selznick International Pictures, Inc., "My Dear Miss Lewis:

Mr. Selznick was deeply appreciative of your letter which contains the grand and helpful service which your magazine is giving on behalf of the film industry. Mr. Selznick was most anxious for you to know at once how grateful he was for the thoughtfulness of your note and the clipping from the Nova Scotia newspaper.

THIS, indeed, is a service which no other magazine is giving, and both of us feel that it is a tremendous step forward, both for your magazine and for the Motion Picture Industry."

And now my thanks, kind friends, of this Industry, for your thanks, and the courtesy of your several letters.



Notice to Attend Paramount Meeting, Election of Officers, Sent in Envelope Advertising "And Sudden Death"

Empire Films Secure Gaumont-British Product

GAUMONT - BRITISH Pictures, which has established its trade-mark in Canada, through the distribution channels previously of Regal Films, has just closed a long term contract, whereby Empire Films Limited will distribute the G-B product in Canada.

Mr. O. R. Hanson, for many years identified with Canadian Educational, is President of Empire Films, while Paul Nathanson, son of N. L. Nathanson, is Vice-President of the company.

The G-B line-up of product for the current season looks better than ever, with excellent titles, story material and an augmented list of stars, giving this company an international flavour. There will be thirty features from G-B for Empire Films release, and fifty-four from Republic; twelve Canadian Cameos and 104 from Educational, 52 singles and 52 two-reelers.

Three of the Gaumont-British pictures, already screened at the Toronto office, have given Mr. A. W. Perry the inspiration to predict a big season for Gaumont-British. States Mr. Perry, "It's Love Again", starring Jessie Matthews, with Robert Young and Sonnie Hale, is in my opinion the best picture Jessie Matthews has ever made."

Your Editor was at Shepherd's Bush, London, on several occasions during the "shooting" of "It's Love Again", and watching the directing of Victor Saville, the elaborate sets, the attention given to detail, the extravagance of the costuming of the special numbers, the indications were that "It's Love Again" would register big!

Among the stars of the new line up we find in addition to Jessie Matthews, Sylvia Sidney loaned by Walter Wanger; Robert Donat of "Ghost Goes West" and "39 Steps" fame; Richard Arlen, who will appear in the Canadian-made G-B story of the C.P.R.; George Arliss; Constance Bennett; Charles (Chuck) Reisner, with Cicely Courtneidge; Madeleine Carroll, the latter who has been appearing suc-



Arthur A. Lee, Vice-President and General Manager of G-B, and Oscar Hanson, President of Empire Films, Limited, shake hands over the contract which gives Empire Films the Canadian rights to G-B product. Reading from left to right are: A. P. Waxman, G-B Advertising Counsel; Jeffrey Bernerd, in charge of World Distribution for G-B; Oscar Hanson; Arthur A. Lee; and Jimmy Campbell, in charge of music for G-B; Geo. Weeks, General Sales Manager.

cessfully in pictures both in England and America for some time; Jack Hulbert, the English comedian who has an assured market in America; Richard Tauber, whose latest picture was such a hit; Boris Karloff, Edmund Lowe, Constance Cummings, Noah Beery, Nils Asther, Clive Brook, Helen Vinson, Hugh Sinclair and Will Hay, not overlooking such names as John Geilgud, Victor McLaglen, the latter the Academy Award winner for this past year, and who will star in a screen production of Kipling's "Soldiers Three" for G-B; Oscar Homolka, who won distinction as Paul Kruger in "Rhodes", and many others.

It is a strong array of talent, backed up with names already established in British Film direction; directors such as Alfred Hitchcock, Victor Saville, Raoul Walsh, and Albert de Courville, and an American Gaumont-British distributing organization with officers such as Jeffery Bernerd, Arthur Lee and George Weeks, who know that pictures must always be produced to please a public for a world market.

Arthur Lee, Vice-President of the American Gaumont-British Company, has been interested in the distribution of British pictures in America for many years. Mr. George Weeks, resident at Toronto for many years, when he was General Manager for the Paramount Pictures in Canada, is considered an Ace man on distribution.

During the recent convention of Empire Films, representatives of the company visited the Educational Studios at Great Neck, Long Island. Exhibitors will recognize in the accompanying picture, Mr. Jack Skirball, sales manager for Educational; Sol Edwards, his assistant; William Marriott, publicity representative Educational office of Empire Films; Gordon White, publicity department of Educational, New York; Mr. Al Christie, that Canadian veteran producer of Christie Comedies, and many others from Canada.



Convention of Empire Films, visits Educational Studios, Great Neck, Long Island. You will recognize among those present the veteran producer Al Christie, Jack Skirball, and among the Canadians, Oscar Hanson, A. W. Perry, J. H. Allen, Archie Laurie, J. Polansky, Walter Kennedy, Frank Fisher, Norman Brooke, Jerry Hoyt, J. Archer and I. Coval.

Pictures to Play England Percentage Basis Only

Empire F

Anr

GAUMONT BR FOR 1

"THE HIDDEN POWER"

with
SYLVIA SYDNEY
and **ROBERT DONAT**

"THE GREAT BARRIER"

with
RICHARD ARLEN
Now being produced in Canada; a great story based on
the saga of the C.P.R., by Alan Sullivan

"NIN"

Sir
Nova P
Nothing short
from being



JESSIE MATTHEWS

"IT'S LOVE AGAIN"
"PARIS LOVE SONG"
3rd **JESSIE MATTHEWS**
RICHARD TAUBER
"A Musical Romance"



GEORGE ARLISS

"EAST MEETS WEST"
"THE NELSON TOUCH"
3rd **GEORGE ARLISS**

BORIS KARLOFF

"The Man Who Lived Again"

JA

"DOOMED CARGO"

with **Edmund Lowe**

"THE MARRIAGE OF CORBAL"

with **Noah Beery**

"HIS MAJ"

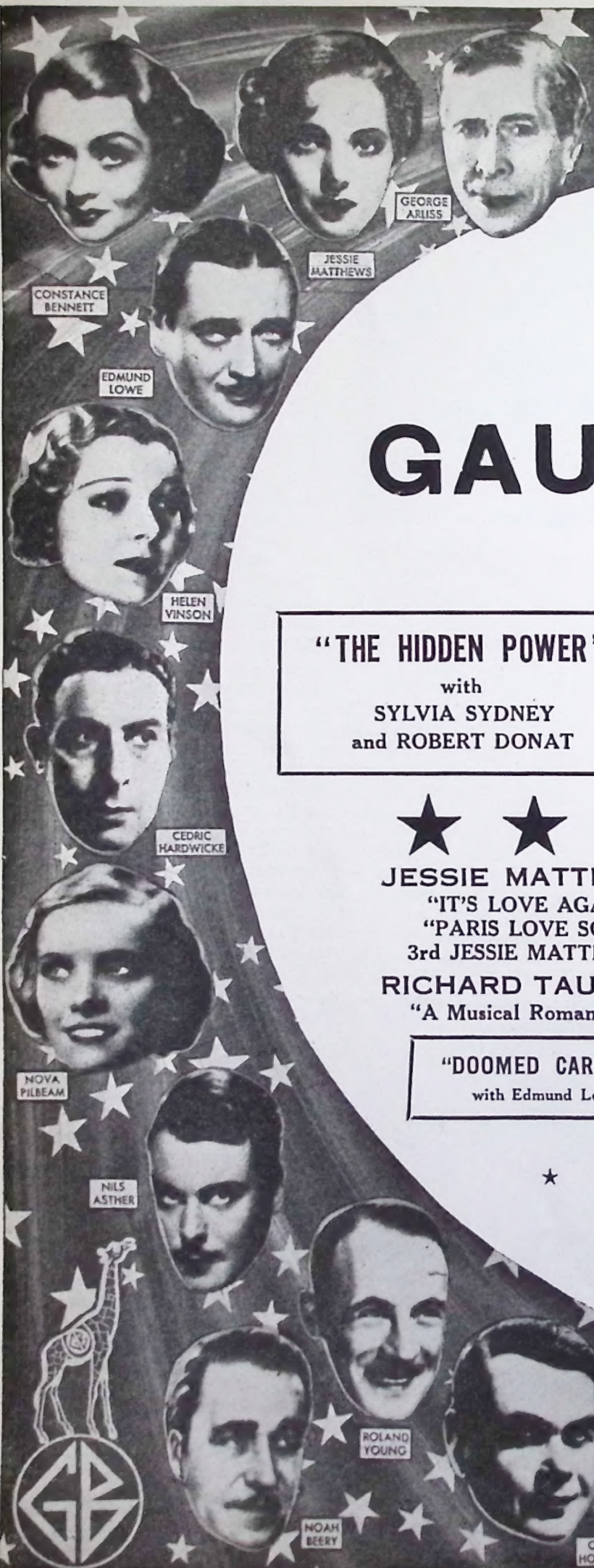
with

"THE THREAT," "RIVER OF UNREST," "THE DA

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Exclusive Distributi

EMPIRE FI



as Limited

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SH PICTURES

5-1937

"QUEEN"

Wickie
and Tester
of this great picture
of the year.

KIPLING'S
"SOLDIERS THREE"

starring
VICTOR McLAGLEN
Directed by Raoul Walsh

"KING SOLOMON'S MINES"

with
ROLAND YOUNG
and **PAUL ROBESON**

★ ★ ★
CONSTANCE BENNETT

"EVERYTHING IS THUNDER"
Douglas Montgomery and Oscar Homolka
"THE HAWK"

BERT
in

MADELEINE CARROLL
"Secret Agent"

★ ★ ★
CHARLES (CHUCK) REISNER

"EVERYBODY DANCE"
with Cicely Courtneidge
2nd **CHARLES REISNER PROD.**

ALFRED HITCHCOCK
One Production

AS"

"WHERE THERE'S A WILL"
with Will Hay

"STRANGERS ON A HONEYMOON"
with Constance Cummings

"BONDS OF HONOUR" and "MELODY OF LIFE"

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

da Through

S LIMITED



VICTOR
McLAGLEN



ROBERT
DONAT



SYLVIA
SIDNEY



RICHARD
ARLEN



CONSTANCE
CUMMINGS



CLIVE
BROOK



CICELY
COURTNEIDGE



DOUGLASS
MONTGOMERY



JACK
HULBERT



GINA
MALO



DESMOND
TESTER



BARRY
MACKAY



ERNEST
TRUEX



JOHN
GIELGUD



British Film Digest

*Special to The Digest, from our London Correspondent,
Dennison Thornton.*

AMONG those who attended the trade-show of Twickenham's "Broken Blossoms" was Richard Barthelmess, star of D. W. Griffith's original silent masterpiece. Griffith himself, you may remember, was signed by Julius Hagen to direct this talkie version of the old classic, but the contract was later dissolved by mutual agreement. The truth behind Griffith's decision not to make the picture was his dislike of the script. In the talkie version a prologue is inserted showing the Chinese hero leaving his native land to convert England to Buddhism, a stupid and quite unnecessary innovation. Griffith took one look at this and said "No". Mr. Julius Hagen said "Yes". The result: dissolution of contracts and signing of Hans Brahm, Viennese stage producer, to direct instead.

After the trade-show Richard Barthelmess was full of enthusiasm for the performance of little Dolly Haas in the role of the slum child heroine. "That girl taking Lillian Gish's old part was marvellous," he said. "I think she is another Bergman."

"Merlusse"

OF the many new films I have witnessed of late, there is one in particular that has impressed itself so deeply upon me that even now as I write these lines, days after having seen it, its memory still haunts with an unshakable persistence. It is called "Merlusse" which, translated, means "Codfish", and it was written, financed, produced and directed in France by Marcel Pagnol who is better known as a dramatist and as the author of one of Korda's earliest talkie successes, "Marius".

To judge this "Merlusse" by ordinary standards is quite impossible. It is an extraordinary film and a thoroughly unconventional one breaking as it does every rule of box-office, every credo of the Anglo-Saxon producer, every production formula. It is, strictly speaking, a story-less film amounting to nothing more or less than a series of shrewdly observed and reported scenes constructed around a tiny incident which is said to have occurred at a school in Marseilles during Pagnol's stay there.

Merlusse is a hideous, black-bearded old schoolmaster to whom nature has been unkind in giving him a repulsively ugly, protruding eye. The man is hated by his pupils because of this terrifying disfigurement and because they say he "stinks of codfish". He is equally loathed by his fellow-teachers who maintain "he smells of wet dog". This unfortunate and despised victim of nature's cruelty is forced to take charge of a group of miserable lads whose parents, for one reason or another, have decided to leave them at school over the Christmas holidays. Naturally the boys are aggrieved, resentful and homesick at being left behind. Their feelings are even more aggravated when they learn that the hated Merlusse is to have charge of them. And the old schoolmaster feels just as resentful of the duties that rob him of his own Christmas holiday.

For over an hour the film record with extraordinary accuracy and psychological understanding, the reactions of the boys to their position, their forced gaiety and their determination to make old Merlusse the butt of jeers, raggings and practical jokes. You come to know each of the boys or groups of boys so thoroughly that you actually find yourself sharing their feelings. You also

come to know old Merlusse whose only way of enforcing discipline is to remove his darkened glasses and frighten the boys into obedience with his dreadful eye. But you also come to learn that behind that repulsive exterior there lies a human and kindly heart — humility, sympathy and kindness rendered outwardly invisible by nature's cruelty.

The final sequences in the film when Merlusse, dragged before the headmaster, pathetically attempts to justify an act of kindness which the school regards as a breach of discipline, is one of the most moving and tragic scenes of my picturegoing experience.

"A Human Document"

Because of the remarkable sensitiveness and intimacy of its treatment, the fidelity of its reporting and the utter naturalness and sincerity of its acting this "Merlusse" becomes an intense personal experience. Not since "Maedchen in Uniform" (which it resembles only in its simplicity of theme and brilliant penetration of character) has there been such an uncommonly interesting human document. Like "Maedchen" this "Merlusse" has explanatory titles in English and it is my belief that the numerous Canadian theatre managers who did so well with the former on a "special" engagement basis should do equally well with the French picture with a similar arrangement.

A Film About Nobel

WITH the passing of the weeks it becomes increasingly apparent that a cycle of biographical films is about to be let loose upon us. Already we have had the "Story of Louis Pasteur" from Hollywood, and "Rhodes of Africa" from Shepherd's Bush. We are promised "The Story of Edmund Kean" (the actor) by the independent Mr. Pressburger and now comes news that the life of Alfred Nobel, the Swedish inventor of gunpowder and the donor of the annual awards bearing his name, is to be picturized by Toeplitz Productions.

The scenario has been written by Frederick Kohner and Robert Neumann, and I understand that the rights were acquired in the face of fierce Hollywood bidding. Mr. Neumann, incidentally, was the author of "Abdul the Damned".

In a published statement regarding the Nobel film Mr. Kohner says: "The intention of our film is to show how Alfred Nobel symbolizes the modern contradiction between a man's personal ideals and his actions — how by his invention of dynamite, which makes modern war possible, he nullifies the Nobel Prize founded by him to cement international friendship. All his humanity, his disinterestedness, cannot prevent dynamite, an explosive which he accidentally discovered and wishes to be used for peaceful ends, for mining, blasting tunnels, etc., from being turned, in the hands of profiteers, to an instrument of war and murder. Our film should show that, whilst there are men who profit by war and munitions, peace is impossible and the Nobel Prize for the greatest achievements in science and art is made a mockery".

At present Toeplitz Productions are finishing their Maurice Chevalier picture, "The Beloved Vagabond", at the Ealing studios. I understand the Nobel film may go into immediate production upon completion of the Locke subject.

W. P. Covert Heads Canadian Operators Delegation to Projectionists Convention, Kansas City